

LEGISLATURE OF NEBRASKA
NINETY-SIXTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1017

Introduced by Matzke, 47; Baker, 44; Connealy, 16; Coordsen, 32;
Dierks, 40; Jones, 43; Kremer, 34; Schrock, 38;
Wehrbein, 2

Read first time January 6, 2000

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-201, 77-1344, and 77-5023, Revised Statutes
3 Supplement, 1998, and section 79-1016, Revised Statutes
4 Supplement, 1999; to change provisions relating to
5 valuation of agricultural and horticultural land; to
6 harmonize provisions; and to repeal the original
7 sections.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-201, Revised Statutes Supplement,
2 1998, is amended to read:

3 77-201. (1) Except as provided in subsection (2) of this
4 section, all real property in this state, not expressly exempt
5 therefrom, shall be subject to taxation and shall be valued at its
6 actual value.

7 (2) Agricultural land and horticultural land as defined
8 in section 77-1359 shall constitute a separate and distinct class
9 of property for purposes of property taxation, shall be subject to
10 taxation, unless expressly exempt from taxation, and shall be
11 valued at ~~eighty percent~~ a percentage of its actual value
12 determined using the table in this subsection.

13 <u>Percentage</u>	<u>Tax Year</u>
14 <u>80%</u>	<u>2000</u>
15 <u>77%</u>	<u>2001</u>
16 <u>74%</u>	<u>2002</u>
17 <u>71%</u>	<u>2003</u>
18 <u>68%</u>	<u>2004</u>
19 <u>65%</u>	<u>2005</u>
20 <u>62%</u>	<u>2006</u>
21 <u>59%</u>	<u>2007</u>
22 <u>56%</u>	<u>2008</u>
23 <u>53%</u>	<u>2009</u>
24 <u>50%</u>	<u>2010</u>

25 and each tax year thereafter

26 (3) Tangible personal property, not including motor
27 vehicles registered for operation on the highways of this state,
28 shall constitute a separate and distinct class of property for

1 purposes of property taxation, shall be subject to taxation, unless
2 expressly exempt from taxation, and shall be valued at its net book
3 value. Tangible personal property transferred as a gift or devise
4 or as part of a transaction which is not a purchase shall be
5 subject to taxation based upon the date the property was acquired
6 by the previous owner and at the previous owner's Nebraska adjusted
7 basis. Tangible personal property acquired as replacement property
8 for converted property shall be subject to taxation based upon the
9 date the converted property was acquired and at the Nebraska
10 adjusted basis of the converted property unless insurance proceeds
11 are payable by reason of the conversion. For purposes of this
12 subsection, (a) converted property means tangible personal property
13 which is compulsorily or involuntarily converted as a result of its
14 destruction in whole or in part, theft, seizure, requisition, or
15 condemnation, or the threat or imminence thereof, and no gain or
16 loss is recognized for federal or state income tax purposes by the
17 holder of the property as a result of the conversion and (b)
18 replacement property means tangible personal property acquired
19 within two years after the close of the calendar year in which
20 tangible personal property was converted and which is, except for
21 date of construction or manufacture, substantially the same as the
22 converted property.

23 Sec. 2. Section 77-1344, Revised Statutes Supplement,
24 1998, is amended to read:

25 77-1344. (1) Any land which has an actual value as
26 defined in section 77-112 reflecting a potential use other than
27 agricultural or horticultural use, is located outside the corporate
28 boundaries of any sanitary and improvement district, city, or

1 village, is used exclusively for agricultural or horticultural use,
2 and is zoned for agricultural or horticultural use shall be valued
3 at ~~eighty percent~~ a percentage of its actual value for agricultural
4 or horticultural use pursuant to sections 77-1359 to 77-1363 and
5 not at the actual value it would have if applied to other than
6 agricultural or horticultural use if application for such special
7 valuation is made pursuant to sections 77-1343 to 77-1348. The
8 applicable percentage shall be determined using the table in
9 subsection (2) of section 77-201. The special valuation provisions
10 may be applicable to real property included within the corporate
11 boundaries of a city or village if the real property is subject to
12 a conservation or preservation easement as provided in the
13 Conservation and Preservation Easements Act and the governing body
14 of the city or village approves the agreement creating the
15 easement. The special valuation provisions shall not be applicable
16 to that portion of lands zoned predominantly for agricultural or
17 horticultural use if such lands have been subdivided. No land
18 which has an actual value as defined in section 77-112 reflecting a
19 potential use other than agricultural or horticultural use shall be
20 valued at ~~eighty percent~~ a percentage of its actual value for
21 agricultural or horticultural use under this section unless it
22 receives the special valuation pursuant to sections 77-1343 to
23 77-1348.

24 (2) The eligibility of land for the special valuation
25 provisions of this section shall be determined as of January 1, but
26 if land so qualified becomes disqualified prior to the levy date of
27 the same year, it shall be valued at its actual value as defined by
28 section 77-112 without regard to this section. If the land becomes

1 disqualified after the date of levy, its valuation for that year
2 shall continue as provided in this section.

3 Sec. 3. Section 77-5023, Revised Statutes Supplement,
4 1998, is amended to read:

5 77-5023. Pursuant to section 77-5022, the commission
6 shall have the power to increase or decrease the value of a class
7 or subclass of real property of any county or tax district or real
8 property valued by the state so that all classes or subclasses of
9 real property in all counties fall within the acceptable range.
10 For agricultural land, the acceptable range shall be from
11 ~~seventy-four percent to eighty percent~~ six percent below the
12 applicable percentage determined using the table in subsection (2)
13 of section 77-201 to such applicable percentage of actual value of
14 agricultural land; and for nonagricultural real property, the
15 acceptable range shall be from ninety-two percent to one hundred
16 percent of actual value of nonagricultural real property. Such
17 increase or decrease shall be made by a percentage and shall result
18 in an average level of assessment for the class or subclass
19 adjusted at ~~seventy-seven percent of actual value for agricultural~~
20 ~~land and ninety-six percent of actual value for nonagricultural~~
21 ~~real property~~ a percentage of actual value equal to the median of
22 the acceptable range.

23 Sec. 4. Section 79-1016, Revised Statutes Supplement,
24 1999, is amended to read:

25 79-1016. (1) On or before August 25, the county assessor
26 shall certify to the Property Tax Administrator the total taxable
27 value by school district in the county for the current assessment
28 year on forms prescribed by the Property Tax Administrator. On or

1 before October 10, the Property Tax Administrator shall compute and
2 certify to the State Department of Education the adjusted valuation
3 for the current assessment year for each class of property in each
4 school district and each local system. The adjusted valuation of
5 property for each school district and each local system, for
6 purposes of determining state aid pursuant to the Tax Equity and
7 Educational Opportunities Support Act, shall reflect as nearly as
8 possible state aid value as defined in subsection (2) of this
9 section. The Property Tax Administrator shall also notify each
10 school district and each local system of its adjusted valuation for
11 the current assessment year by class of property on or before
12 October 10. Establishment of the adjusted valuation shall be based
13 on assessment practices established by rule and regulation adopted
14 and promulgated by the Property Tax Administrator. The assessment
15 practices may include, but not be limited to, the appraisal methods
16 listed in section 77-112.

17 (2) For purposes of this section, state aid value means:

18 (a) For real property other than agricultural land, one
19 hundred percent of ~~market~~ actual value;

20 (b) For agricultural land, ~~eighty percent~~ a percentage of
21 ~~market~~ actual value as provided in sections 77-1359 to 77-1363; and

22 (c) For personal property, the net book value as defined
23 in section 77-120.

24 (3) On or before November 10, any local system may file
25 with the Property Tax Administrator written objections to the
26 adjusted valuations prepared by the Property Tax Administrator,
27 stating the reasons why such adjusted valuations are not the
28 valuations required by subsection (2) of this section. The

1 Property Tax Administrator shall fix a time for a hearing. Either
2 party shall be permitted to introduce any evidence in reference
3 thereto. On or before January 1, the Property Tax Administrator
4 shall enter an order modifying or declining to modify, in whole or
5 in part, the adjusted valuations and shall certify the order to the
6 State Department of Education. Modification by the Property Tax
7 Administrator shall be based upon the evidence introduced at
8 hearing and shall not be limited to the modification requested in
9 the written objections or at hearing. The final determination of
10 the Property Tax Administrator may be appealed to the Tax
11 Equalization and Review Commission in accordance with the Tax
12 Equalization and Review Commission Act.

13 (4) On or before November 10, any local system or county
14 official may file with the Property Tax Administrator a written
15 request for a nonappealable correction of the adjusted valuation
16 due to clerical error or, for agricultural land, assessed value
17 changes by reason of land qualified or disqualified for special use
18 valuation pursuant to sections 77-1343 to 77-1348. For purposes of
19 this subsection, clerical error means transposition of numbers,
20 allocation of value to the wrong school district, mathematical
21 error, and omitted value. On or before the following January 1,
22 the Property Tax Administrator shall approve or deny the request
23 and, if approved, certify the corrected adjusted valuations
24 resulting from such action to the State Department of Education.

25 (5) No injunction shall be granted restraining the
26 distribution of state aid based upon the adjusted valuations
27 pursuant to this section.

28 (6) A school district whose state aid is to be calculated

1 pursuant to subsection (4) of this section and whose state aid
2 payment is postponed as a result of failure to calculate state aid
3 pursuant to such subsection may apply to the state board for
4 lump-sum payment of such postponed state aid. Such application may
5 be for any amount up to one hundred percent of the postponed state
6 aid. The state board may grant the entire amount applied for or
7 any portion of such amount. The state board shall notify the
8 Director of Administrative Services of the amount of funds to be
9 paid in a lump sum and the reduced amount of the monthly payments.
10 The Director of Administrative Services shall, at the time of the
11 next state aid payment made pursuant to section 79-1022, draw a
12 warrant for the lump-sum amount from appropriated funds and forward
13 such warrant to the district.

14 Sec. 5. Original sections 77-201, 77-1344, and 77-5023,
15 Revised Statutes Supplement, 1998, and section 79-1016, Revised
16 Statutes Supplement, 1999, are repealed.